

In the Matter of:

**TIME INC., ENTERTAINMENT WEEKLY INC.,
TIME PUBLISHING VENTURES, INC., TIME INC.
HOME ENTERTAINMENT, TIME LIFE INC., and
TIME CONSUMER MARKETING, INC., wholly
owned subsidiaries of TIME INC.,**

Respondents.

ASSURANCE OF VOLUNTARY COMPLIANCE OR DISCONTINUANCE

This Assurance of Voluntary Compliance or Discontinuance ("Assurance") is entered into by the Attorneys General of the States of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Delaware, Florida, Georgia,¹ Hawaii,² Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana³, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming and the Corporation Counsel of the District of Columbia⁴ ("States"), acting pursuant to their respective consumer protection statutes,⁵ and "Time," as defined herein.

¹With regard to Georgia, the Administrator of the Fair Business Practices Act, appointed pursuant to O.C.G.A. 10-1-395, is statutorily authorized to undertake consumer protection functions, including acceptance of Assurances of Voluntary Compliance for the State of Georgia. Hereafter, when the entire group is referred to as the "States" or "Attorneys General," such designation, as it pertains to Georgia, refers to the Administrator of the Fair Business and Practices Act.

²With regard to Hawaii, Hawaii is represented by its Office of Consumer Protection, an agency which is not part of the state Attorney General's Office, but which is statutorily authorized to represent the State of Hawaii in consumer protection actions. Hereafter, when the entire group is referred to as the "States" or "Attorneys General," such designation as it pertains to Hawaii, refers to the Executive Director of the State of Hawaii Office of Consumer Protection.

³ With regard to Montana, Montana is represented by its Department of Commerce, an agency which is not part of the

state Attorney General's Office but which is statutorily authorized to represent the State of Montana in consumer protection actions. Hereafter, when the entire group is referred to as the "States" or "Attorneys General," such designation as it pertains to Montana, refers to the Montana Department of Commerce.

⁴ The District of Columbia is represented by its Corporation Counsel, who is statutorily authorized to represent the District of Columbia in consumer protection actions. D.C. Code § 28-3909. Hereinafter, when the entire group is referred to as the "States" or "Attorneys General" such designation, as it pertains to the District of Columbia, refers to the District of Columbia Corporation Counsel.

⁵ALABAMA - Deceptive Trade Practices Act, Ala. Code § 8-19-1 *et seq.*; ALASKA - Consumer Protection Act, §§ 45.50.471 through 45.50.561; ARIZONA - Consumer Fraud Act, A.R.S. § 44-1521 *et seq.*; ARKANSAS - Deceptive Trade Practices Act, Ark. Code Ann. § 4-88-101 *et seq.*; CALIFORNIA - Bus. & Prof. Code §§ 17200 *et seq.*, and 17500 *et seq.*; COLORADO - Colorado Consumer Protection Act, C.R.S. §§ 6-1-101 *et seq.*; DELAWARE - Consumer Fraud Act, 6 Del.C. Section 2511, *et seq.*, UDTPA, 6 Del.C. Section 2531, *et seq.*; DISTRICT OF COLUMBIA - D.C. Code §§ 28-3901 to -3909; FLORIDA - Deceptive and Unfair Trade Practices Act, Fla. Stat. Ch. 501.201 *et seq.*; GEORGIA - Fair Business Practices Act of 1975, O.G.C.A. § 10-1-390 *et seq.*; HAWAII - Rev. Stat. § 480-2; IDAHO - Consumer Protection Act, Idaho Code § 48-601 *et seq.*; ILLINOIS - Consumer Fraud and Deceptive Business Practices Act, 815 ILCS § 505/1 *et seq.* (1998); INDIANA - Deceptive Consumer Sales Act, Indiana Code 24-5-0.5-1 *et seq.*; KANSAS - Consumer Protection Act, K.S.A. 50-623 *et seq.*; KENTUCKY - Consumer Protection Statute, KRS 367.170; LOUISIANA - LSA R. S. 51:1410 and LSA R. S. 51:1401, *et. seq.*; MAINE - Maine Unfair Trade Practices Act 5 M.R.S.A. § 205-A, *et seq.*; MARYLAND - Consumer Protection Act, Maryland Commercial Law Code Annotated § 13-101 *et seq.*; MASSACHUSETTS - Consumer Protection Act, M.G.L. c. 93A *et seq.*; MICHIGAN - Consumer Protection Act, M.C.L. 445.901 *et seq.*, M.S.A. 19.418(1) *et seq.* (1994); MINNESOTA -Minn. Stat. §§8.31, 325F.67, 325D.44-.48, 325F.69 and 325F.71 (1998); MISSISSIPPI - Consumer Protection Act, Miss. Code Ann. §75-24-1 *et seq.*; MISSOURI - Merchandising Practices Act, §§ 407.010 *et seq.*; MONTANA - Mont. Code Ann. §30-14-101 *et seq.*; NEBRASKA - Consumer Protection Act, Neb.Rev.Stat. §§ 59-1601 *et seq.*, and the Uniform Deceptive Trade Practices Act, Neb. Rev. Stat. §§ 87-301 *et seq.*; NEVADA - Deceptive Trade Practices Act, Nevada Revised Statutes 598.0903 *et seq.*; NEW HAMPSHIRE - N.H. Consumer Protection Act, RSA358-A ; NEW JERSEY - Consumer Fraud Act, N.J.S.A. 56:8-1 *et seq.*; NEW MEXICO - Unfair Trade Practices Act, NMSA § 57-12-1 *et seq.* (1978); NEW YORK - N.Y. Gen. Bus. Law §§ 349 & 350 and Executive Law § 63(12); NORTH CAROLINA - Unfair and Deceptive Trade Practices Act, N.C.G.S. § 75-1.1 *et seq.*; NORTH DAKOTA - Consumer Fraud and Unlawful Credit Practices N.D.C.C. §51-15-01 *et seq.*; OHIO - Consumer Sales Practice Act, R.C. § 1345.01 *et seq.*; OKLAHOMA - Consumer Protection Act 15 O.S. § 751 *et seq.*; OREGON - Unlawful Trade Practices Act, ORS 646.605 to 646.656; PENNSYLVANIA - Unfair Trade Practices and Consumer Protection Law, 73 P.S. §201-1 *et seq.*; RHODE ISLAND - Unfair Trade Practice and Consumer Protection Act, R.I. Gen. Laws § 6-13.1-1, *et seq.*; SOUTH CAROLINA - Unfair Trade Practices Act, S.C. Code Ann. §39-5-10 *et seq.*, Gifts and Prizes Act, S.C. Code Ann. §37-15-10 *et seq.*; SOUTH DAKOTA - SDCL §37-24-1 through 35 *et seq.*; TENNESSEE - Consumer Protection Act, Tenn. Code Ann. § 47-18-101 *et seq.*, (1994); TEXAS - Deceptive Trade Practices and Consumer Protection Act, Tex. Bus. And Com. Code § 17.41 *et seq.*, (Vernon 1987 and Supp. 2000); UTAH - Title 13 of the Utah Code; VERMONT - Consumer Fraud Act, 9 V.S.A. § 2451 *et seq.*; Sec. 100.18(1); VIRGINIA - Virginia Consumer Protection Act, 59.1 -196 *et seq.*, Virginia Prizes and Gifts Act, 59.1-415 *et seq.*; WASHINGTON - Unfair Business Practices/Consumer Protection Act, R.C.W. 19.86; WEST VIRGINIA - Code Section 46A-1-101 *et seq.*; WISCONSIN - Wis. Stat. §§100.18(1) (Fraudulent Representations) and 100.171 (Prize Notices); WYOMING -W.S. §§ 40-12-102 *et seq.*

As used herein, Time shall refer to Time Inc., its successors and assigns, and its wholly owned subsidiaries, including but not limited to, Time Inc. Home Entertainment, Entertainment Weekly Inc., Time Life Inc., Time Publishing Ventures, Inc. and Time Consumer Marketing, Inc., which conduct or promote any Sweepstakes, including but not limited to any Sweepstakes conducted under the Guaranteed

& Bonded trade name or any Sweepstakes conducted under the name of a Time publication including but not limited to Time, Time for Kids, Entertainment Weekly, Fortune, Sports Illustrated, Sports Illustrated for Kids, People, People En Espanol, In Style, Teen People, Life, Money, and This Old House.

STATES' POSITION

1. The statements contained in this "States Position" Section represent the position of the States only, and Time does not admit the truth of any of the statements contained in this "States Position" Section.
2. Time publishes and sells a variety of magazines, books, videos, audio tapes, music and other products through direct mail solicitations and other promotions sent to persons residing in the States. In offering this merchandise for sale, Time uses various promotions including but not limited to Sweepstakes under the Guaranteed & Bonded name as well as Sweepstakes under the name of individual magazine titles published by Time.
3. Based upon an extensive inquiry made by the States, the States contend that certain Time advertisements and advertising practices are deceptive in that they have the tendency or capacity to mislead consumers as to the likelihood of a consumer winning a Sweepstakes or as to the effect of a purchase on a consumer's likelihood of winning.
4. The States' position is that Time's conduct as set forth above violates the States' consumer protection statutes set forth in footnote 5 hereof.

TIME'S POSITION

1. The statements contained in this "Time's Position" Section represent the position of Time only, and the States do not admit the truth of any of the statements contained in this "Time's Position" Section.
2. Time contends that its advertising is and has been lawful and does not violate any consumer protection laws of the States. Time contends that its advertisements and advertising practices are not and have not been deceptive and do not have and have not had the tendency or capacity to mislead consumers as to the likelihood of a consumer's winning a Sweepstakes or as to the effect of a purchase on a consumer's likelihood of winning, and do not constitute violation of any applicable gambling, lottery, Sweepstakes or Prize and gift law or any contest registration statute in any of the States.
3. Time's position is that it does not and did not violate any state laws with respect to its advertisement and offer for sale of merchandise through direct mail advertisements.

I. GENERAL AGREEMENTS

1. The parties have agreed to resolve the issues raised during the States' inquiry by entering into this Assurance. Time is entering into this Assurance solely for the purpose of settlement and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law, or of any other matter of fact or law, or of any liability or wrongdoing, all of which Time expressly denies. No part of this Assurance constitutes or shall constitute evidence against Time in any action brought by any person(s) or entity or other party of any violation of any federal or state statute or regulation or the common law, except in an action brought to enforce the terms of this Assurance.

2. Each State acknowledges by its execution hereof that this Assurance constitutes a complete settlement and release of all claims on behalf of such State against Time, and all of its subsidiaries and affiliates, past and present, and their past and present representatives, successors, administrators, employees, shareholders, officers, directors, boards of directors, attorneys, agents, servants, and assigns (all such released parties shall be collectively referred to as the "Releasees"), with respect to all claims, causes of action, damages, fines, costs and penalties which were asserted or could have been asserted prior to the Effective Date of this Assurance under the above-cited consumer protection statutes and relating to or based upon the subject matter of this Assurance. Each State agrees that such State shall not proceed with or institute any civil action or proceeding based upon the above-cited consumer protection statutes against Releasees, including but not limited to an action or proceeding seeking restitution, injunctive relief, fines, penalties, attorneys' fees or costs, for any communication disseminated prior to the Effective Date of this Assurance which relates to the subject matter of this Assurance or for any conduct or practice prior to the Effective Date of this Assurance which relates to the subject matter of this Assurance. Notwithstanding the foregoing, a State may institute an action or proceeding to enforce the terms and provisions of this Assurance or to take action based on future conduct by the Releasees.

II. ASSURANCES

A. Definitions

The following definitions shall be used in interpreting the terms of this Assurance:

1. The "Buying Won't Help You Win Message Title" means the following statement: "Buying Won't Help You Win." The "Buying Won't Help You Win Message Text" means a statement to the effect that a recipient will not improve his/her chances of winning through the purchase of any product from Time and that the recipient's chances of winning without a purchase are no worse than the chances of one who makes a purchase. The following statement, by way of example, would satisfy the requirements of this paragraph: "Your chances of winning without a purchase are the same as the chances of someone who buys something."

2. A statement is "Clear and Conspicuous" if it is readily understandable and presented in such size, color, contrast, location and audibility, compared to the other matter with which it is presented, that it will be likely to be noticed and understood. If such statement is necessary as a modification, explanation

or clarification to other information with which it is presented, it must be presented in close proximity to the information it modifies, in a manner so as to be readily noticed and understood.

3. "Covered Communication" means a communication delivered by mail, by newspaper or magazine advertisement, or by television or radio broadcast media to individuals in any one of the States by Time (or on behalf of Time by an entity under Time's complete control) that offers an opportunity to enter a Sweepstakes, refers to a Sweepstakes or refers to the opportunity to enter a Sweepstakes. In the case of a magazine or newspaper advertisement for a Time product, that advertisement shall be treated as a separate Covered Communication from the magazine or newspaper and from other advertisements in the magazine or newspaper. "Covered Communication" shall not include communications by Time in response to consumer complaints or inquiries.

4. "Direct Mail Covered Communication" means a Covered Communication addressed individually to a named recipient within the Covered Communication. It does not include television, radio or other similar advertisements not directed at a specific named individual or e-mail. It also does not include newspaper, magazine or other similar advertisements which are not themselves directed at a specific named individual even though the newspaper, magazine or other similar item may be addressed to a specific named individual.

5. "Do Not Contact Request" means a written or oral request that communications not be directed to a person, whether such request is received by Time from the person, the person's spouse or other family member, the person's primary caregiver, guardian, conservator, attorney or any person holding a power of attorney. Do Not Contact Requests include such requests submitted in writing to a law enforcement agency and transmitted in writing by the law enforcement agency to Time.

6. "Economic Necessity Message" means a statement to the effect that Time will stop sending, be less likely to send, or send fewer Covered Communications to an individual if that individual does not order in response to the promotional materials in which the Economic Necessity Message appears.

7. The "Entry Is Free Message Title" means the following statement: "Entry Is Free." The "Entry Is Free Message Text" shall mean a statement to the effect that a recipient need not make a purchase in order to enter, that a method for entering without a purchase is provided in the Covered Communication and that the recipient should follow the instructions on how to enter without a purchase. The following statement, by way of example, shall satisfy the requirements of this paragraph: "You don't have to buy anything to enter. Just follow the instructions on the order form on how to enter for free. You will be entered for each Prize offered in this mailing."

8. The "Enter As Often As You Like Message Title" means the following statement: "Enter As Often As You Like." The "Enter as Often as You Like Message Text" shall mean a statement to the effect that a recipient may enter as often as he/she likes by writing to Time and need not wait to receive an entry form in order to do so. The following statement, by way of example, shall satisfy the requirements of this paragraph: "You don't have to wait for us to mail you an entry form. You may submit additional entries by mailing a postcard with your name and address to: [Time Address]. Each time you write to us you will be entered once in each ongoing Sweepstakes for which you are eligible. Each entry request must be

mailed separately."

9. The "Entry Deadline/Sweepstakes Closing Date Message Title" means the following statement: "Entry Deadline/ Sweepstakes Closing Date." The "Entry Deadline /Sweepstakes Closing Date Message Text" shall mean a statement to the effect that in order to be eligible to win each Prize offered in the Sweepstakes, the entry must be received by the entry deadline which may be different from the Sweepstakes end date specified in the Message Text. The following statement, by way of example, shall satisfy the requirements of this paragraph: "Entry Deadline/Sweepstakes Closing Date: To be eligible to win each Prize offered in this Sweepstakes your entry must be received by the applicable Entry Deadline stated in this package. If there is no Entry Deadline stated, your entry must be received by the final Sweepstakes Closing Date of [1/31/01]. Your prompt response is always encouraged."

10. "Odds of Winning," in a contest in which the chance of winning a particular Prize depends upon the number of entries received, such as a random draw Sweepstakes, or a pre-selected number Sweepstakes in which unclaimed Prizes are distributed by means of a random draw, means the phrase "1 in XXX", where XXX equals the quotient of the best estimate, based upon prior experience with the Sweepstakes or similar Sweepstakes, of the number of entries to be received during the course of the Sweepstakes divided by the number of units of the Prize to be awarded.

11. "Official Rules" means the formal printed statement, however designated, of the rules for a Sweepstakes appearing in a communication. The Official Rules shall be placed in a location in the communication that may be retained by any person responding to the communication, prominently identified, and all references to them in the communication shall consistently use the designation for the Official Rules that appears in such communication.

12. "Preselected Number Sweepstakes" means a Sweepstakes in which the winner may be determined in part on the basis of an entry bearing a unique number or other identifier assigned to the entrant which matches a number selected in advance as the winning number for the Sweepstakes, and if a winner is not determined on that basis, a winner is then selected by a random drawing.

13. "Promptness Sweepstakes" means a Sweepstakes in which the winner is to be determined from among the other entrants in the Sweepstakes, in whole or in part, on the basis of how quickly the entrant returns his or her entry in relation to other entries.

14. "Random Drawing Sweepstakes" means a Sweepstakes in which the winner is to be determined on the basis of a random selection from among eligible entries at the end of the Sweepstakes.

15. A statement is "Readily Understandable" if it is expressed in such common words, phrases or expressions, used in accordance with their common or ordinary usage and meaning, as to be easily understood.

16. "Representation" means express statements and the implications and inferences from those statements, in the context in which they appear. A Representation may be made in writing, orally, by means of graphic symbols or elements, including but not limited to coded stamps, seals and colors, or in

any other manner capable of conveying meaning. In determining the express or implied meaning of a Representation that appears from the outside of a mailing envelope, only matter visible without opening the envelope will be considered.

17. "See Official Rules for Details Message" means a statement to the effect that additional details are contained in the Official Rules. Any such statement will refer to the Official Rules in terms that are consistent with the designation of the Official Rules in the communication in which it appears.

18. "Sweepstakes" means any contest, giveaway, drawing, or other enterprise or promotion in which items are awarded to participants by chance or random selection.

19. "Sweepstakes Prize" or "Prize" means an item or cash amount awarded in a Sweepstakes. It does not include one or more similarly valued items or items, cash amounts or items of nominal value that are distributed to all or substantially all recipients of a Covered Communication.

20. The "You Have Not Yet Won Message Title" means the following statement: "You Have Not Yet Won. All entries have the same chance of winning." The "You Have Not Yet Won Message Text" shall mean a statement to the effect that the winner of the Sweepstakes will not be known until the termination of the Sweepstakes. The following statement, by way of example, shall satisfy the requirements of this paragraph: "No one will know who the winner is until after the Sweepstakes ends."

B. Business Practices

1A. Time shall not represent in a Covered Communication that the recipient has won or unconditionally will be the winner of a Sweepstakes unless:

- a. such person or their entry has won or will be determined to be the winner of the Prize,
- b. the Representation is not false, deceptive or misleading, and
- c. the Prize and its value are clearly and conspicuously disclosed in the Representation itself.

1B. Time shall not represent in a Covered Communication that the recipient may be or may become a winner, characterize the recipient as a possible winner, or represent that the recipient will, upon the satisfaction of some condition or the occurrence of some event or other contingency, become the winner of a Sweepstakes Prize unless such Representation does not misrepresent the recipient's status as a winner or possible winner and:

- a. Such Representation conveys in Readily Understandable terms that the recipient has not yet won, that the winner will not be known until some time in the future, that the conditions necessary to become a winner have not yet been fulfilled, or that it is not yet known whether the conditions have been fulfilled. Conditional word(s) or phrase(s), such as "may" or "could," that convey that the recipient has not yet won, that the winner will not be known until some time in the future, that the conditions necessary to

become a winner have not yet been fulfilled, or that it is not yet known whether the conditions have been fulfilled, shall be:

1. presented in such a manner that they are an integral part of the Representation and not separated from the remainder of the Representation by intervening words, graphics or colors or blank space in excess of the spacing and formatting being used within the Representation,
2. made in terms, syntax, and grammar that are as simple and easy to understand as those used in the Representation, and
3. presented in such a manner that they appear in not less than 100% of the type size and in the same type face, color, style, and font as the remainder of the Representation. For example, the phrases "[Recipient] may win \$1,000,000" and "**[RECIPIENT] MAY WIN \$1,000,000**" satisfy the above requirement. Those phrases presented as "**[RECIPIENT]** may win \$1,000,000" or "**[RECIPIENT]** may be our next **\$1,000,000 WINNER**" would not satisfy the above requirement.

Provided that such Representation is only stated in the present or future conditional tense and further that it does not misrepresent the recipient's likelihood of being selected the winner, or

b. Such Representation contains within it all material conditions needed to make it truthful and not misleading. If Time uses a Representation which includes the term "winning number" or similar term, it shall also disclose the condition that the recipient must have received the winning number and must return the winning number in order for the recipient to be determined as the winner. All such conditions must be:

1. stated in Readily Understandable terms,
2. presented in such a manner that they are an integral part of the Representation and not separated from the remainder of the Representation by intervening words, graphics or colors or blank space in excess of the spacing and formatting being used within the Representation,
3. made in terms, syntax, and grammar that are as simple and easy to understand as those used in the Representation,
4. presented in such a manner that they appear in not less than 100% of the type size and in the same type face, color, style, and font as the remainder of the Representation, and
5. Neither such Representation nor any conditional phrases, terms, or statements necessary to make it truthful uses the present or past tense in referring to the recipient as a winner, or otherwise represents that the recipient is presently a winner or has already won; and

c. Such Representation complies with the other terms of this Assurance.

A general Representation, such as that an entry is necessary to win, that is clearly applicable to all recipients of the communication is not subject to the requirements of this paragraph

2. Time shall not, in a Covered Communication in which it offers one or more similarly valued items or items of nominal value to all or substantially all recipients of the communication:

- a. represent that such items are Prizes or awards or are otherwise distributed by chance,
- b. use terms such as Sweepstakes, contest, or drawing to describe the process by which such items will be distributed or otherwise represent that such process involves a distribution by chance, or
- c. use the terms winner, luck, lucky, or other similar terms in such a manner as to indicate good fortune to describe the recipient of the items or otherwise represent that the recipient is fortunate in having been selected to receive the item or has a special status in the distribution, or
- d. use the term "congratulations" or other similar terms, such as "good news", in such a manner as to represent that the recipient has special status in or has won a Prize in a Sweepstakes.

3. Time shall not represent in a Covered Communication that any particular characteristic of the recipient of the communication, including any characteristic shared with one or more past winners, indicates a greater likelihood of winning a Prize than is in fact the case.

3A. Time shall not represent in a Covered Communication that any particular characteristic of the recipient affects the likelihood of winning a Prize in an entirely random Sweepstakes or that the likelihood of winning a Prize therein is anything other than random among entries for that Prize.

3B. Time shall not represent that the recipient may win one of the Prizes offered in a Covered Communication by including the name of the recipient among other named persons who are represented as having already won other Prizes, whether in the Sweepstakes being referred to in the communication or in another Sweepstakes, unless Time discloses immediately adjacent to the name of the recipient and in the same type face, size, color style and font as the name of the recipient that the recipient has not yet been selected as winner.

4. Time shall not misrepresent in a Covered Communication the chances of winning a Prize. In a Covered Communication that contains references to more than one Prize, Time shall not make any statement concerning the chances of winning any Prize, that even if it is true with respect to one particular Prize, is a misrepresentation of the chances of winning any other Prize. For example, in a promotion in which two Prizes are featured, Prize 1 with odds of 1 in 1,000,000, and Prize 2 with odds of 1 in 50, a statement of the Prize 2 odds must relate only to Prize 2, and not imply that the 1 in 50 odds apply to Prize 1.

5. Time shall not request in a Covered Communication information or action from the recipient that

would only be of use if, or is represented as being of use because, the recipient is, is likely to be or has an increased chance compared to other entrants of becoming the winner of a Sweepstakes Prize, unless the person has been determined to be the winner of the Prize. Examples of prohibited requests include but are not limited to:

- a. a request for information concerning a person's whereabouts at the time the Prize is to be awarded;
- b. a request for information concerning a person's preferences for events relating to the awarding of a Sweepstakes Prize.
- c. a request for a person to execute a document or agreement, such as a release, publicity document, or a confidentiality agreement, that does or is represented to create duties or obligations or other commitments arising out of or related to the awarding of a Sweepstakes Prize.
- d. a request for information concerning a person's preferences regarding characteristics of the Prize to be awarded, such as the color of a vehicle unless:
 - (a) either (i) such information is actually recorded and used by Time, or
 - (ii) the response to the request is clearly optional, and
 - (b) such request is: (i) presented in such a manner that it is clearly being made of all recipients of the communication, and (ii) does not misrepresent the recipient's chances of winning,

So long as the request is otherwise in compliance with all of the foregoing provisions of this paragraph 5 and the other provisions of this Assurance, Time may request information concerning the recipient's eligibility to enter and win the Sweepstakes or the completion of an entry requirement or the use of a device that is required for entry.

6. Time shall not represent in a Covered Communication that Sweepstakes Prize awards are distributed in anything other than a random manner, including but not limited to Representations that Sweepstakes Prize awards are more likely to be won by persons with particular characteristics or residing in a particular geographic location, unless that is the case. This paragraph does not prohibit Time from making truthful statements about past Sweepstakes winners or about the Sweepstakes entry or judging procedures so long as the statement is otherwise in compliance with the provisions of this paragraph.

7. Time shall not use in a Covered Communication a personalized simulated check or other payment device, such as a depiction of a deposit slip or electronic funds transfer receipt, to represent any Sweepstakes Prize that the recipient has not already been selected to receive in such a manner as to:

- a. represent that the recipient has won, is likely to win, or otherwise misrepresent the likelihood of the recipient winning any Sweepstakes Prize, or

b. represent that an original of the simulated item actually exists or otherwise misrepresent that the simulation is other than a graphic Representation of the Prize or Prizes available to the winner of the promotional Sweepstakes.

Time shall clearly and conspicuously include on the face of any such personalized simulated check or other payment document the statement "You Have Not Yet Won" and, additionally, in the case of a simulated check, the following statement: "This is Not a Check."

8. Time shall not use in a Covered Communication any device appearing to involve chance, including a scratch card, game piece or other device, to convey information relating to a person's eligibility for or status in a Sweepstakes that is the same or substantially the same information or status conveyed to virtually all persons receiving the device. Devices, including but not limited to scratch cards, game pieces, and sealed inserts that are used in a manner that appear(s) to offer information that is unique to or specially provided to fewer than all the recipients of the communication are devices that appear to involve chance.

9. Time shall not represent in a Covered Communication that certain Prizes are only available to persons possessing a particular scratch card, game piece or other device contained in a communication unless that is the case.

10. Time shall not represent in a Covered Communication that a person or Sweepstakes entry has an enhanced status in a Sweepstakes that is superior to the status of other persons or Sweepstakes entries competing for the same Prize, that a person or Sweepstakes entry is a member or part of a select group different from other persons or entries eligible for the same Sweepstakes or Prize, or that a person's status or Sweepstakes entry's status in the Sweepstakes has improved compared to other persons or entries competing for the same Prize. Such Representations include, but are not limited to, Representations

(a) that other persons have not received the same communications regarding the Sweepstakes or have not been entered in the Sweepstakes,

(b) that other entrants have been disqualified or eliminated from further participation in the Sweepstakes, or that the pool of entrants has been reduced,

(c) that the recipient is now closer to winning the Sweepstakes than ever before,

(d) that the recipient is a finalist or is tied with other Sweepstakes entrants, and

(e) that the recipient is in the final round or stage of the Sweepstakes;

except that, subject to the other provisions in this Assurance, Time may represent, if true, that the recipient has been entered in the Sweepstakes, is eligible to enter the Sweepstakes, or has won the Sweepstakes, or Time may represent the number of entries offered to the recipient as long as that Representation is true and does not represent that the recipient's chances of winning are better as

compared to other entrants.

11. Time shall not misrepresent in a Covered Communication, through dramatization or otherwise, that its employees or others acting on its behalf, real or fictitious, have personal feelings concerning or a personal relationship with the recipient of the communication, including, but not limited to, Representations that (a) they have a shared interest with the recipient, (b) they have any belief or feeling relating specifically to the recipient, such as the recipient deserves to win, or (c) they will take or refrain from taking any action relating specifically to the recipient, unless that is the case. The foregoing does not prohibit general expressions of good will or expressions of genuine shared interest toward or belief concerning the recipient or customers as a group provided that the expression does not relate to Sweepstakes. For example, a solicitation for Sports Illustrated magazine could include a statement indicating Time's shared interest in sports with the recipient so long as the belief in the interest is genuine.

11A. Time shall not present in a Covered Communication, as dramatizations of its business processes or winner selection methodologies or, as other dramatizations which refer to or relate specifically to the recipient, including without limitation:

- a. fictitious conversations or meetings purporting to have taken place and relating specifically to the recipient, conversations between or meetings of employees or representatives of Time relating specifically to the recipient, or
- b. fictitious conversations or meetings purporting to be set in the future and relating specifically to the recipient where Time has no expectation of such events actually occurring.

12. Time shall not represent that a Covered Communication is being delivered by any method other than presorted standard mail (so-called "bulk mail"), or whatever term is then used by the United States Postal Service to designate such reduced rate commercial mail service, unless that is the case, or otherwise misrepresent the manner in which it is delivered. Examples of such Representations include:

- a. representing that the method of delivery is monitored or urgent, or that delivery is being made by courier, express, overnight or hand delivery, or by registered or certified mail, or
 - b. using stamps, labels, symbols, or other elements which resemble indicia or forms:
 - i. used by the United States Postal Service or a government agency to designate a class or method of delivery or the source of the mailing, or
 - ii. owned or controlled as intellectual property or exclusively licensed to or by a private courier or delivery service, a financial institution, or an entity of the same character, and which are used by such entity to designate a class or method of delivery or the source of the mailing, unless
- (a) the element is genuine and required by the United States Postal Service, government agency or such

entity,

(b) the method of delivery is in fact via the class or method of delivery designated by the stamps, labels, symbols or other elements, or

(c) the source of the mailing is in fact as designated by the stamps, labels, symbols or other elements.

Statements not related to the delivery or the method of the delivery of the communication, such as references to the importance of the contents or the urgency of the contents of the communication, are not covered by this paragraph.

13. Time shall not make reference to any law or regulation pertaining to the use of the mail or to the operation of a Sweepstakes which appears from the outside of an envelope in which a Covered Communication delivered by mail is contained, if any such reference or statement associated with such reference is not true, refers to penalties or criminal prosecution or, if such reference is used in such a manner as to misrepresent the source of the mailing or any government approval or endorsement, unless such statement and such placement is required by law.

14. All Covered Communications offering Sweepstakes entry opportunities shall provide a free method of entry for entering the Sweepstakes. All Covered Communications shall clearly and conspicuously display on the entry/order device: "Purchasing does not improve your chances of winning." In those cases where the entry method does not involve a printed device, such as a toll-free telephone method of entry, the instructions for such method of entry shall clearly and conspicuously display: "Purchasing does not improve your chances of winning." Where there are separate entry devices for orderers and non-orderers, "Purchasing does not improve your chances of winning." shall be clearly and conspicuously displayed on the entry device for buyers.

14A. The requisites and methods of entry afforded to non-order entrants pursuant to paragraph 14 shall be comparable in ease of use to the requisites and methods of entry afforded to order entrants.

14B. All Covered Communications offering Sweepstakes entry opportunities shall contain complete, Clear and Conspicuous and Readily Understandable entry instructions for orderers and for non-orderers. The instructions on how to enter without making a purchase shall be clearly and conspicuously disclosed on the order form.

15. All Covered Communications individually addressed to specific named individuals and all other Covered Communications that contain both a Sweepstakes entry opportunity and an offer of merchandise for sale or a request to pay for merchandise already ordered shall contain Sweepstakes Facts as described in this Paragraph 15 and as set forth in Exhibit "A" attached hereto. The Sweepstakes Facts shall be presented in the same format as the sample Sweepstakes Facts set forth in Exhibit "A." To the extent there is any conflict between the text of this paragraph and Exhibit "A," Exhibit "A" controls except for the size specifications in Subparagraphs 15.b. and 15.c. Except for Subparagraph 15.c., this paragraph

shall not apply to post card type mailings that do not have an outer envelope.

a. The Sweepstakes Facts shall appear in a printed box which shall contain:

i. the Buying Won't Help You Win, Entry Is Free, Enter As Often As You Like, You Have Not Yet Won and Entry Deadline/ Sweepstakes Closing Date Message Titles and Texts, printed in the type size specified in this Paragraph 15 and not overlaid with any graphic design, text or color from outside the box; and

ii. an odds statement which is presented in a grid format and sets forth the following information: a column identifying the Prize of greatest value in each Sweepstakes into which entry is offered and either a list of or a description of any other Prize(s) specifically identified in the communication, a column identifying, if not clear from the identification of the Prize, the Prize's value, a column stating the quantity of the Prize offered, a column stating the Odds of Winning the Prize, and in the case of a list or description of Prizes other than the Prize of greatest value, the Odds of Winning the Prize with the worst odds in that list or description. The name or identifying number of any Sweepstakes into which entry is offered, as well as the winner selection method, may, at Time's discretion, also be presented in separate columns so long as the information contained within each column in the box remains clearly distinct and can be easily read.

b. The Sweepstakes Facts will be printed and appear on a free standing insert in the following manner: The insert shall be at least 5 inches by 7 inches or, if the envelope in which it is mailed is smaller than 6 1/8 inches by 11 1/2 inches at least 3 inches by 5 inches. The insert shall contain no other matter on the side bearing the Sweepstakes Facts and no matter other than the logo of Time or the Time business entity on whose behalf the mailing is made, company name, address, and copyright symbol, or Official Rules, on the reverse side. The "Sweepstakes Facts" Title shall be printed in 24 point bold-face type and the Message Titles shall be printed in 14 point bold face type in inserts 5 inches by 7 inches, and the "Sweepstakes Facts" Title shall be printed in 20 point bold-face type and the Message Titles shall be printed in 12 point bold face type in inserts 3 inches by 5 inches. The minimum type size for all text, except for the foregoing, will be (i) 10 point type in communications mailed in an outer envelope of the size of 6 1/8 inches by 11 1/2 inches or less, or (ii) 12 point type in communications mailed in larger outer envelopes, and shall include both the Buying Won't Help You Win, Entry Is Free, Enter As Often As You Like, You Have Not Yet Won and Entry Deadline/ Sweepstakes Closing Date Message Texts. The insert may not be folded unless folding is necessary to insert it into the envelope in which it is mailed. If the insert is folded, it shall be folded with the Sweepstakes Facts facing out.

c. The Sweepstakes Facts shall also appear in the Official Rules in all Covered Communications containing Official Rules. The Sweepstakes Facts in the Official Rules (the "Rules Sweepstakes Facts") shall be printed in a contrasting typeface at least as large as the largest typeface otherwise used in the text of the Official Rules and in any case in a type size that is at least (i) 8 point type for Message Texts and 10 point type for Message Titles, in communications mailed in an outer envelope of the size of 6 1/8 inches by 11 1/2 inches or less, or (ii) 10 point type for Message Texts and 12 point type for Message Titles, in communications mailed in larger outer envelopes, and shall otherwise be presented in the

manner described in subparagraph a. The Rules Sweepstakes Facts shall appear in a box which will be clearly distinct from any other matter and separated by (i) at least 1/8 inch of clear space from any other matter. The box shall contain no matter other than matter required by this paragraph and will not be overlaid with any graphic design, text or color from outside the box. The background of any box appearing in the Official Rules will be in a color or shade that contrasts with that of the surrounding area and which contrasts with the text in the box in such a manner that the text is clearly distinct from the background and easily read.

d. Time shall establish and maintain reasonable procedures and shall reasonably instruct vendors as necessary to place the Sweepstakes Facts document in the envelope in which the communication is mailed such that it is the document which is placed furthest from the side of the envelope on which the recipient's address appears and the heading "Sweepstakes Facts" faces away from the recipient's address. Infrequent or inadvertent failures to comply with this placement requirement, and/or infrequent or inadvertent failures by Time's vendor(s) to comply with Time's instructions and procedures, shall not constitute breaches of this Assurance. Notwithstanding the foregoing, this Subparagraph 15.d. shall not apply to any communication on which the Official Rules appear on the outer envelope, provided that the statement of the odds in the Rules Sweepstakes Facts appears in 12 point type or larger.

16. Time shall clearly and conspicuously set forth the "Sweepstakes Facts," including all Message Titles and Texts, in the format set forth in Exhibit A, for all Sweepstakes promoted on a Time Internet web site. The availability of the "Sweepstakes Facts" shall be disclosed to viewers of such a Time web site prior to their placing an order or entering a Sweepstakes and by means of a conspicuous icon clearly identified as "See Sweepstakes Facts" which appears on all order pages on which a Sweepstakes is referenced, on all entry pages and on all other pages on which a specific Sweepstakes or a specific Sweepstakes Prize is the primary and dominant subject of the page (but not including general references to Sweepstakes or winning in general). For purposes of this paragraph, "pop-ups," banner advertisements and other similar elements that cover only a portion of the screen viewed by the viewer shall be treated as only a part of the "page," and do not themselves constitute a separate page. The "Sweepstakes Facts" shall be presented either as (i) a separate web page, or (ii) as part of the Official Rules web page of the site. If the "Sweepstakes Facts" are presented as a separate web page, the "See Sweepstakes Facts" icon shall immediately take the viewer to the "Sweepstakes Facts" web page. If the "Sweepstakes Facts" are presented as part of the Official Rules web page, the "See Sweepstakes Facts" icon shall immediately take the viewer to that section of the Official Rules web page on which the "Sweepstakes Facts" are presented.

17. Time shall establish and maintain procedures designed to accomplish the following:

a. Maintain a "Sweepstakes Do Not Promote List" for addresses in the States as follows: Time shall review its customer records at least every thirty-five (35) days to identify any customer who meets either of the following two criteria: (i) the customer has a current subscription to a magazine published by Time with a paid term of more than five (5) years forward from the date of the review and the terms of more than five (5) years resulted from multiple orders by the customer and more than one-half of those orders were derived from either a Covered Communication or a solicitation by any third party known by Time

to contain a Sweepstakes entry opportunity; or (ii) the customer has as a result of Covered Communications paid any combination of Time entities or businesses, in the aggregate, five hundred (500) dollars or more for Time magazines and products combined ("Monetary Cap"), indexed annually to the national Consumer Price Index the twelve months preceding the review as described in Paragraph 17A. Any customer meeting either of these two criteria shall be added to the Time Sweepstakes Do Not Promote List. Once placed on that list, no customer shall be removed.⁶ In calculating whether a customer meets the Monetary Cap, Time need not include the value of purchases made from businesses acquired or started by Time after the execution of this Assurance. If Time elects to not include the value of such purchases, the parties agree to negotiate in good faith to determine Sweepstakes Do Not Promote List criteria for such businesses.

⁶Time may, however, modify the Sweepstakes Do Not Promote List by removing or altering those names and/or addresses that have become invalid for any reason, such as change of address or postal zip code redesignation.

b. Screen the proposed mailing list for any Direct Mail Covered Communication against the Sweepstakes Do Not Promote List and remove any name on the Sweepstakes Do Not Promote List from the final mailing list for the Direct Mail Covered Communication.

c. Screen all orders for Time products received in response to any Covered Communication or received from any third party in response to any solicitation known by Time to contain a Sweepstakes entry opportunity against the Sweepstakes Do Not Promote List. If, in this screening, Time finds any order from a person on the Sweepstakes Do Not Promote List, Time shall not accept the order and shall return or refund any money received with any such order to the party from whom Time received the money.

d. Time shall add an individual to its Do Not Promote List if requested by that individual or by another with legal authority (such as through a power of attorney) to act on that individual's behalf.

17A. On January 1, 2001, and on each succeeding January 1, the Monetary Cap shall be increased to take into account the increase in the consumer price index and the resulting amount shall be the Monetary Cap for the ensuing year. Specifically, on or before December 15 each year, Time shall determine the increase in the CPI from the preceding year by deriving a fraction, the numerator of which shall be the CPI as of September 30 of the year in which the computation is being made, and the denominator of which shall be the CPI as of September 30 of the preceding year. The resulting fraction shall be multiplied by the Monetary Cap for the year in which the computation is made and the resulting amount shall be the Monetary Cap for the ensuing year. For purposes of the preceding computation the term CPI shall mean the Consumer Price Index for All Urban Consumers as published by the United States Bureau of Labor Statistics or any successor index. By way of example, but not limitation, if the CPI as of September 30, 2000 was 172 and the CPI as of September 30, 1999 was 168, then the monetary cap for calendar year 2001 would be $172 \text{ divided by } 168 = 1.0238095 \times \$500 = \$511.90$.

18. Time shall not send a renewal notice for any one of Time's magazines in conjunction with a Covered

Communication to any individual who already has a five (5) year subscription to that magazine except for non-Sweepstakes-related renewal notices sent in the final months of the subscription term in accordance with Time's normal renewal schedules.

19. Time shall not give any advantage to an entry in a Sweepstakes accompanied by an order or subject an entry not accompanied by an order to any disability or disadvantage in a Sweepstakes.

20. Time shall not represent in a Covered Communication that (a) an entry in a Sweepstakes accompanied by an order will be eligible to receive additional Prizes or be more likely to win than an entry not accompanied by an order, or that an entry in a Sweepstakes accompanied by an order will be given any advantage in eligibility or the winner selection process over an entry not accompanied by an order, or (b) an entry not accompanied by an order will receive fewer Prizes or be less likely to win than an entry accompanied by an order, or an entry not accompanied by an order will be subjected to any disability or disadvantage in a Sweepstakes to which an entry accompanied by an order would not be subjected.

21. Time shall not request in a Covered Communication action, information or the return of a document from a person who orders a product that is not also requested of a person who does not order a product unless the action, information or document is solely related to the product ordered. The manner in which any information requested is to be provided by non-orderers shall be comparable in ease of use to the manner afforded to orderers.

22. Time shall not represent in a Covered Communication that an order or a person's order history has resulted in or will result in any special, different or enhanced status in a Sweepstakes compared to other entries in the same Sweepstakes.

23. Time shall not represent in a Covered Communication that a recipient, based on a purchase or the recipient's order history, is or may become a member of a category or group enjoying special status or privileges with Time if such statement also represents that such status or privileges or program affect in any way the recipient's status in the Sweepstakes, likelihood of receiving a Sweepstakes entry opportunity or the likelihood of the recipient winning a Prize or that such membership will result in any special status or privilege in a Sweepstakes, or in any special, different or enhanced chance of that person's entry or chances of winning, other than as set forth in Paragraph 25 of this Assurance.

24. Time shall not represent in a Covered Communication that persons who order products will receive or be more likely to receive future communications containing Sweepstakes entry opportunities or that a Covered Communication was received because the recipient ordered products in the past, other than as set forth in Paragraph 25 hereof. Time shall not represent that persons who fail to order products will not receive or be less likely to receive future Sweepstakes entry opportunities, or that a Covered Communication was not received because the recipient failed to order products in the past. Time shall not use an Economic Necessity Message in a Covered Communication.

25. Time shall not offer any opportunity to enter a Sweepstakes that is or appears to be available only to persons who have previously ordered or paid for products ("customer only Sweepstakes") unless in accordance with the following:

- a. No present or future purchase is required to enter the customer only Sweepstakes, and no Representation to the contrary is included in such communication;
- b. No Representation is made to the recipient that he or she would, by ordering, qualify to receive an opportunity to enter customer only Sweepstakes in the future;
- c. Such customer only Sweepstakes are offered only infrequently and irregularly; and
- d. Such customer only Sweepstakes are not presented in such a manner as to give rise to an expectation that such opportunities will be available in the future.

Provided that customer only Sweepstakes conducted by Time in conjunction with billing for products purchased in the past, renewals of past subscriptions which do not require payment in order to enter the Sweepstakes and in which the value of any Prize is no more than the greater of five per cent (5%) of the value of the highest value Sweepstakes Prize then being offered by Time or \$50,000 (adjusted in the manner described in Paragraph 17A), are not prohibited by this paragraph.

26. Time shall not offer in a Covered Communication any premium, including but not limited to a bonus, gift, or other product, if delivery of such premium is conditioned upon the purchase of a product, and there is or is represented to be any element of chance involved in the selection of the premium to be delivered from among identified items represented to have differing value; provided that the foregoing shall not prohibit "mystery" premiums or other similar promotions in which no Representation as to the identity or value of the premium is made. In any such Representation that specifically identifies any particular item as being so available, Time shall state accurately and completely the requisite steps that the recipient must take in order to claim any such premium or other item.

27. Time shall not, in a Covered Communication, misrepresent the attributes or value of any premium, including but not limited to a bonus, gift, or other product.

28. Time shall not represent in a Covered Communication delivered by mail or by newspaper or magazine advertisement that any date is a deadline for the return of an entry in a Sweepstakes that differs from the Sweepstakes end date unless the deadline by which the entry must be received in order to be eligible to win is set forth clearly and conspicuously in the communication. Time shall not represent in any Covered Communication that a date is an entry deadline unless Time has and employs procedures to treat entries from the communication that do not meet the deadline as ineligible.

29. Time shall not misrepresent and shall express in a Readily Understandable manner in a Covered Communication the deadline for entry or any action regarding an entry in a Sweepstakes. Time shall not

misrepresent the importance or the need for promptness in responding to an offer of a Sweepstakes entry opportunity.

30. Time shall not represent in a Covered Communication which relates to multiple Sweepstakes, that entries must be returned or other action must be taken by a certain deadline, if that deadline is different from a deadline for another Sweepstakes Prize offered in the communication, unless the Representation identifies, in a Readily Understandable manner and with equal prominence to the rest of the Representation, which deadline applies to which Sweepstakes.

31. Time shall not represent in a Covered Communication any Sweepstakes as an "instant win" contest or that a winner will be determined immediately unless (a) the contest is a pre-selected number contest and the matching of entries is promptly performed by Time as the entries are received by Time or Time's authorized agent and any winner is promptly notified; (b) the communication contains a form or device from which recipients can determine whether or not they have won a Prize, and what that Prize is; or, (c) the Sweepstakes winner(s) will be determined within sixty (60) days of the date by which the first entries in that Sweepstakes are received by Time and any winner(s) is promptly notified. The ability of a recipient to return a form or device described in clause (b) of this paragraph for a "second chance " to win a Prize(s), other than the one which the recipient can determine from the form or device whether or not they have won (the "Additional Prize(s)"), does not in and of itself preclude the form or device from being described by clause (b) as an "instant win" contest as long as the winner of the Additional Prize(s) is determined within sixty (60) days of the date by which the first entries for that Prize(s) are received by Time and any winner(s) is promptly notified.

32. Time shall include a Clear and Conspicuous notice in all Direct Mail Covered Communications that Time will accept Do Not Contact Requests either by a call to a toll free number identified in the notice or by mail to an address identified in the notice. Time shall establish and maintain processes and procedures to, as soon as is practicable, and in no event later than 45 days from receipt of a Do Not Contact Request, add the individual and his/her address to a Do Not Contact List. Time shall screen all Direct Mail Covered Communications against names and addresses on the Do Not Contact List so that these individuals are not sent Direct Mail Covered Communications. Time shall honor a Do Not Contact Request received from a person who is the subject of the request or from any other party set forth in the Do Not Contact Request definition above and Time shall add the subject's name to its Do Not Contact list upon receiving such request.

32A. Time shall establish and maintain the following processes and procedures to ensure that persons who have made a Do Not Contact Request are not sent Direct Mail Covered Communications by Time:

a) Time shall screen all Direct Mail Covered Communications against names and addresses on the Do Not Contact list so that these individuals are not sent Covered Communications,

b) Time shall also screen all Direct Mail Covered Communications against names on the Direct Marketing Association's Mail Preference Service ("MPS") received by Time so that such names are excluded from such communications, except that names on the MPS file who, within the previous

eighteen months, either responded to a Time promotional offer or were shipped a magazine or other product need not be so excluded,

c) Time shall further ensure that all lists made available by Time for sale or rental to others are screened against the Do Not Contact list and that such names are removed from the list prior to its sale or rental, and

d) Time shall utilize such processes and procedures as it conducts in the normal course of its business to interpret a submitted name and physical address as including variations of that name and address.

33. Time shall not represent that a refund is available for any product offered in a Covered Communication unless Time clearly and conspicuously discloses the refund policy applicable to such product in the Covered Communication. If Time represents in a Covered Communication that it has a refund policy, then (a) for magazine subscriptions, Time's refund policy shall require that Time, at a minimum, provide a full refund of the amount paid for any issues of the magazine not yet shipped to the subscriber at the time a refund request for that subscription is received by Time, and (b) for other products, Time's refund policy shall require Time, at a minimum, to provide a full refund of the amount paid if the customer returns the product in unused condition within thirty (30) days of the date Time shipped the product. Time may discontinue service of the issues of any magazine subscription for which such refund is made.

34. Time, in offering for sale any subscription to a magazine, shall clearly and conspicuously disclose on the order form the frequency of the issues of the magazine and number of issues of the subscription.

35. Time's magazine subscription bills shall state, in addition to the total amount owed, any minimum payment amount currently due on the order. The minimum payment amount currently due shall be stated in dollars and cents, with equal prominence to the most prominent statement made of the total balance, and be labeled as "amount due now", "minimum payment due", or a similar description. Time shall not represent that the total amount due on the order must be paid prior to the time Time's initial solicitation indicated the full amount must be paid.

36. In the event that Time receives a payment directly from a customer for a magazine subscription term for more than the amount owed to Time by that customer for that term, Time shall send a notice informing that customer of the overpayment and informing the customer how to contact Time to request a refund of the excess amount. Upon receipt of any such request prior to Time's shipment of the last issue of that term, Time shall promptly refund the excess amount. If no refund request is received by Time, Time may apply the payment to extend the term of the magazine subscription at the same per issue rate as the customer's latest existing subscription.

37. Paragraphs 14A, 14B, 19, 20, 21 and 24 of this Assurance shall apply to recipients who submit payment and a Sweepstakes entry in response to any Covered Communication that is a bill or invoice for products already ordered and to those who do not submit payment with their Sweepstakes entry, as if,

where the paragraph refers to an orderer, it referred to a payment or a payer. For example, Paragraph 19 would be read to apply in the following manner: "Time shall not give any advantage to an entry in a Sweepstakes accompanied by a payment or subject an entry not accompanied by a payment to any disability or disadvantage in that Sweepstakes."

38. Time shall clearly and conspicuously explain in a Covered Communication offering a Promptness Sweepstakes the basis in general terms, with a reference to where a detailed explanation of the basis may be found, upon which the winner of the Promptness Sweepstakes will be determined and, in any Covered Communication delivered by mail, explain in the Official Rules in detail the basis upon which the winner will be determined.

39. For every Preselected Number Sweepstakes included in a Covered Communication, Time shall ensure that the preselected winning number is within the range of numbers actually mailed by Time for that Sweepstakes (or, if it happens that the preselected winning number is not, for any reason, within that range of numbers, to designate as the winning number a preselected alternate number that is within such mailed range), or, if the winning preselected number is not returned at the end of the Sweepstakes, award the Prizes offered in a random drawing from among eligible entrants in accordance with the terms upon which it was offered.

40. Time shall not offer a total number of entry opportunities in a Sweepstakes that exceeds the number of entry opportunities used to calculate the Odds of Winning any Prize in that Sweepstakes, unless to do so would not decrease the chances of winning a Sweepstakes beyond the odds stated in the Sweepstakes Official Rules. Time shall not decrease the chances of winning a Sweepstakes from the odds disclosed in the first Covered Communication in which the Sweepstakes was offered.

41. Time shall establish and maintain procedures to promptly respond to consumer complaints concerning billing, billing statements and/or collection notices, delivery of magazine subscriptions, and cancellation of magazine subscriptions. Time shall establish a state liaison whose responsibility shall be to resolve customer issues referred by state law enforcement agencies.

42. Time shall not make any Representation in a Covered Communication which misrepresents or causes a likelihood of confusion or misunderstanding concerning any statement or disclosure required to be made under this Assurance or any other statement in the communication.

43. Time shall not represent in a Covered Communication that its Representations, solicitations, practices, goods or services have the sponsorship or approval of any Court or the Attorney General of any State or any other judicial or governmental authority unless expressly authorized or required by such authority.

C. Payments to States

1. Time agrees to pay, within thirty (30) calendar days after the Effective Date of this Assurance, the sum

of \$4,924,636 to the States via a Time Inc. check for the establishment of a consumer fund ("Fund") to be administered and distributed by a third party Administrator. The Fund shall be established under the oversight and direction of the Executive Committee for the purpose of providing for the residents of the States payment to consumers as directed by the States. In addition to the above payment, Time shall pay up to \$30,000 towards the States' costs of administering the payments to consumers. The States agree to provide to Time a description of the criteria and procedures used to make payments to consumers, as well as, in an electronic form acceptable to Time, a complete accounting of the disposition of the \$4,924,636 including, but not limited to a list of the consumers to whom payments were sent indicating the amount sent to each consumer, whether checks for such amounts were cashed by each consumer and the amount of any money returned as non-deliverable.

2. Time agrees to pay, within thirty (30) calendar days after the Effective Date of this Assurance the sum of \$3,240,000 directly to the States for the purpose of providing to the individual States reimbursement for their attorneys' fees and other costs of the inquiry leading to this Assurance.⁷ Subject to their respective state laws and policies, the States may use such reimbursement amount for any purpose provided by state law, including but not limited to, placement in or application to, a consumer education, litigation or local consumer aid fund or revolving fund or for other uses to defray the costs of the inquiry leading to this Assurance, as permitted by the laws of each State.

⁷With respect to the State of Colorado, said payment shall be utilized, first, for reimbursement of Colorado's actual costs and attorney fees and, second, to be held in trust by the Attorney General for future consumer education, consumer fraud, or antitrust enforcement efforts. With respect to the State of Kentucky, said payment shall be held in an interest bearing trust and agency account and shall be deposited into the Consumer Protection Fund Division's Consumer and Education Fund for the purposes described herein. With respect to the State of Georgia, said payment shall be used for the reimbursement of costs, including monitoring of compliance, and any remainder, at the end of twelve months, shall be delivered to the Georgia Consumer Preventative Education Plan pursuant to O.G.C.A. § 10-1-381. With respect to the State of Alaska, said payment shall be utilized by the Attorney General for consumer protection and antitrust investigations, enforcement, and education. With respect to the State of Illinois, the payment made pursuant to this paragraph shall be deposited into the Attorney General Court Ordered and Voluntary Compliance Payment Projects Fund, to be used for law enforcement activity, consumer and educational programs associated with the enforcement of the Illinois Consumer Fraud Act, 815 ILCS 505.1 et seq.

3. Time will file with each of the States serving on the Executive Committee (New York, California, Georgia, Missouri, Ohio and Pennsylvania) two written Compliance reports, each signed by an officer with knowledge of Time's obligations under this Assurance, as to Time's compliance with the terms and provisions hereof, the first to be filed six months after the Effective Date of this Assurance, and the second six months thereafter.

4. In the event any of the Attorneys General believes that Time has committed a violation of this Assurance and intends to file a motion or other pleading seeking contempt of court or other sanctions for violation of the Assurance, then the Attorney General shall first give Time fourteen business days notice before filing such motion or pleading. Notice shall be given by facsimile and mail addressed to the

attention of: Roger N. Kirkpatrick, Time Inc., Time & Life Building, Rockefeller Center, New York, NY 10020. The giving of such notice shall not prevent the Attorney General from beginning any such proceeding following the expiration of the fourteen business day period. Prior to the expiration of such fourteen business day period, Time may respond in writing to the Attorney General with any information that it wishes to provide regarding the alleged violation of the Assurance and if Time so requests it will meet during such time period with a representative of the Attorney General to attempt to resolve any such alleged violation. Time agrees that it shall not institute any proceeding or action, including but not limited to any declaratory judgment action, against any of the States during such period.

III. GENERAL PROVISIONS

1. This Assurance shall be governed by the laws of the States. Nothing in this Assurance shall be deemed to permit or authorize any violation of the laws of any state or otherwise be construed to relieve Time of any duty to comply with the applicable laws, rules and regulations of any state, nor shall anything herein be deemed to constitute permission to engage in any acts or practices prohibited by such laws, rules or regulations.⁸
2. Nothing in this Assurance shall be construed to authorize or require any action by Time in violation of applicable federal, state or other laws. Time agrees that this Assurance constitutes a legally enforceable obligation of Time in accordance with its terms.
3. This Assurance does not constitute an approval by the States of any of Time's programs or practices and Time shall not make any Representation to the contrary.
4. The respective Attorneys General, without further notice, may make *ex parte* application to any appropriate state court for an order approving this Assurance, which shall be considered an Assurance of Voluntary Compliance or an Assurance of Discontinuance as provided by the States' respective laws, or otherwise file this Assurance in any appropriate state court.
5. This Assurance may be executed in counterparts.
6. The "Effective Date" of this Assurance shall be August 22, 2000.
7. The "Implementation Date" of this Assurance, by which time Time shall be in compliance with the above terms, shall be 120 days from the Effective Date or November 30, 2000 whichever is earlier, unless otherwise stated within this Assurance.
8. Nothing in this Assurance shall be construed as a waiver of any private rights of any person.
9. This Assurance constitutes the entire agreement of the parties hereto and supersedes all prior agreements or understandings, whether written or oral, between the parties and/or their respective

counsel with respect to the subject matter hereof. Any amendment or modification to this Assurance must be in writing and signed by duly authorized representatives of all the parties hereto.

10. The undersigned representative for each party certifies that he/she is fully authorized by the party he/she represents to enter into the terms and conditions of this Assurance and to legally bind the party he/she represents to the Assurance.

⁸With regard to the State of Vermont only, and notwithstanding any other provision in this Assurance , Time shall comply with the terms of Vermont Consumer Fraud Rule (CF) 109.02 on Representations of special selection. With respect to the State of Maryland only, and in addition to any other provision in this Assurance, Time shall comply with the requirements of Md. Code Ann., Com. Law II sec. 13-305, including all requirements regarding the content and placement of disclosures.